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Office of Community Development

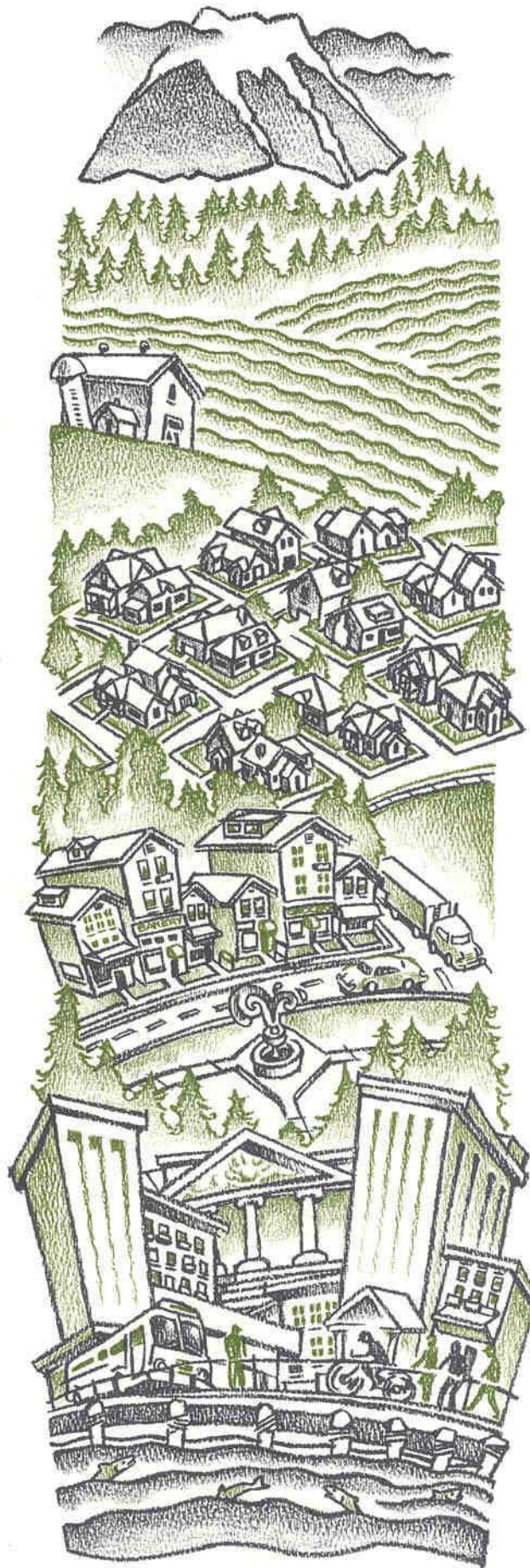
Providing financial and technical resources to build livable and sustainable communities

Growth Management Services

SEPA and the Promise of the GMA: Reducing the Costs of Development

Washington State Department of
Community, Trade and Economic Development

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SEPA and the Promise of the GMA: Reducing the Costs of Development

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Summary

David Evans and Associates Inc. (DEA) conducted 15 case studies to evaluate examples of the integration of the Growth Management Act (GMA) and the State Environmental Policy Act (SEPA) since the adoption of the Regulatory Reform Act of 1995. The selected case studies included rural, urban, redevelopment, new development, master planned resorts, master planned sites, multijurisdictions, one GMA jurisdiction planning for natural resource lands and critical areas only, and one Pre-Regulatory Reform Act project. The jurisdictions involved included 13 cities, one county, and one port district. The majority of the case studies (eight) were subarea or master plans with accompanying environmental impact statements (EISs) that resulted in the designation of planned actions under SEPA, but other integration processes were also represented. One case study involved the use of the Nonproject Review Form and another case study was on an EIS for an industrial park in a GMA jurisdiction planning for natural resource lands and critical areas only.

For each case study, DEA reviewed materials provided by the Washington Department of Community, Trade and Economic Development (CTED) and the jurisdiction. These typically included published articles primarily in local papers or CTED's newsletters, summary pages from EISs, and in a few cases the planned action ordinances. After sending introductory materials, DEA interviewed each jurisdiction using a questionnaire developed jointly with CTED. DEA recorded the interviews on answer sheets and used these as the basic data gathering tool. CTED reviewed the answer sheets and raised additional questions. DEA revised the answer sheets and in some cases conducted additional interviews of the agency staff.

DEA's summary of the results is broken down into the categories of benefit/costs and lessons learned, as these are the overall objectives of the project. Under benefits/costs, we have further divided the summary into financial findings and responses to the benefit/cost assumptions prepared by CTED. The lessons learned summary attempts to capture our professional judgments on what worked and what didn't work. These are not facts. What didn't work in one situation may work in another.

Benefit/Cost – Avoided Direct Costs

One of the underlying assumptions to the Regulatory Reform Act is that there are cost savings to be had by front-loading the environmental review during the planning process. Another assumption is that there are significant benefits from streamlining the permit process. DEA attempted to evaluate these assumptions in its interviews and data analysis. DEA collected three types of financial data: (1) project costs incurred by the agency including staff and consultant costs, (2) investment values of the projects approved under the designated planned action ordinances, and (3) estimates of the SEPA costs avoided as a consequence of qualifying as a planned action project.

The project costs and the avoided SEPA costs are direct costs to the agency and the developer. Our SEPA cost model is outlined in the Cost Benefit Analysis section. DEA

has been conservative on the estimates of avoided costs and in all likelihood these would be higher. Not all of the case studies had projects approved from which DEA could derive avoided SEPA costs. The table below summarizes DEA's findings on direct costs.

Jurisdiction (number of approved planned actions or projects)	Project Costs	Avoided Costs (equal benefits)	Net Benefits or Net Costs	Comments
Redmond (6)	\$660,000	\$498,000	(\$162,000)	More planned actions likely, net cost will change to net benefit
Mill Creek (6)	\$170,000	\$496,000	\$326,000	More planned actions will increase net benefits
Tacoma (8) – these are projects not planned actions	\$255,000	\$144,800	(\$110,200)	More projects likely, net cost will change to net benefit
Tukwila (32)	\$200,000	\$866,000	\$666,000	More planned actions will increase net benefits
Vancouver (4)	\$515,000	\$414,000	(\$100,000)	More planned actions likely, net cost will change to net benefit
Everett (27)	\$530,000	\$1,236,000	\$706,000	More planned actions will increase net benefits
Totals	\$2,330,000	\$3,654,800	\$1,324,800	

DEA has drawn several conclusions from the data:

- All of the case studies will eventually achieve a net benefit in direct costs. Even GMA plans that did not result in the adoption of a Planned Action Ordinance will result in the reduction of SEPA costs for projects within the planning area because of the additional environmental review done at the plan stage.
- The public bears the bulk of the planning and environmental costs at the front end while the public and private sector split the avoided SEPA costs about evenly at the

project level. The developer avoids the costs of preparing SEPA documents and the public reduces the administrative costs of review.

- The avoided SEPA costs, while not overwhelming, are significant to developers making decisions about where to build.

Benefit/Costs – Investment Value

Avoided SEPA costs are a tangible benefit, but only one type of benefit. Predictability, especially the component of reduced and more certain application review and processing time, is another benefit that was consistently stressed in the interviews as an overall objective. It was also noted in comments made by developers. Increasing the predictability amounts to reducing the risk and thereby increasing the return on investment.

Measuring risk reduction is difficult because it is somewhat a subjective evaluation. However, DEA's research revealed some common themes. First, developers viewed positively the adoption of design guidelines that spelled out what was acceptable. This was particularly the case where the developers were involved in the development of the design guidelines so that they had confidence that the end products would be marketable. Second, streamlining the permit process meant that developers got to "yes" sooner. The streamlining took the form of prioritizing planned actions ahead of other projects, eliminating public hearings through regulatory changes, and eliminating the SEPA appeal process through the planned action designation. Third, the fact that jurisdictions were willing to share the risk by committing their own resources was important. This commitment took many forms including adding targeted capital improvement projects, reducing taxes, accepting greater liability, and preparing the environmental analysis in support of the planning effort.

DEA attempted to gauge the relative importance of these themes by using the investment value of the projects approved within the planning area since the adoption of the plan. DEA chose investment value because it represents the end product of the developer's risk assessment process. We asked ourselves if this development would have located here if the jurisdiction had not engaged in the designation of a planned action or other regulatory reform process. Alternatively, did the reduction in risk influence the timing of the development such that the developer decided to proceed sooner rather than later.

DEA obtained the investment values through the interview process. In most cases, the values come from the permit applications. Where the jurisdiction did not have the investment value, DEA attempted to estimate it by examining the type of project and attaching a value to it. For example, DEA used a per square foot value for commercial space and per unit value for residential projects. The table below shows the investment values for the case studies where projects were in progress or approved.

Jurisdiction and Case Study	Investment Value (estimated)	Directly Related to SEPA/GMA Integration	Comments
Tacoma – Thea Foss Redevelopment	\$278,000,000	Yes	None of the projects likely would have gone forward without the city's investment.
Vancouver – Esther Short Redevelopment	\$150,000,000	Yes	Most if not all the projects are directly related to the city's investments and planned action.
Renton – Southport Redevelopment	\$100,000,000	Yes	The single developer on this site would not have proceeded without the city's planned action ordinance and investments.
Mill Creek – SR 527 Corridor Subarea Plan	\$200,000,000	Some	Some of the projects likely would have proceeded even without the planned action ordinance.
Everett – Southwest Everett/Paine Field Subarea Plan	\$200,000,000	Some	Some of the projects likely would have proceeded even without the planned action ordinance.
Redmond – Overlake Neighborhood Plan	\$1,200,000,000	Some	Some of the projects likely would have proceeded even without the planned action ordinance.
Tukwila – MIC Subarea Plan	\$156,000,000	Some	Some of the projects likely would have proceeded even without the planned action ordinance.
Kittitas County – MountainStar Master Planned Resort	\$150,000,000	No	In all likelihood, the single developer would have done the project without the planned action ordinance.
Anacortes – Fidalgo Bay Subarea Plan	\$20,000,000	Yes	The one project approved is directly related to the adoption of the integrated subarea plan and EIS.

DEA has drawn some conclusions based on these data:

- With one exception, the integrated SEPA/GMA procedures have been influential in spurring investment in local communities.
- In at least three cases, the adoption of a Planned Action Ordinance along with the plan itself was critical either to the agency's objectives or the developer's risk assessment. In these cases, the elimination of the SEPA appeal process was a specific objective.
- In the other cases, the Planned Action Ordinance was only part of the package. Equally important were the other commitments made by the jurisdiction such as expedited permit processing, liability reduction, tax deferral, capital improvement projects, capacity analysis, revised design regulations, public and community support, and other factors.
- Developers view integrated SEPA/GMA procedures positively when making risk assessment decisions about where and when to develop.
- More than \$500 million in investment is directly tied to integrated SEPA/GMA actions, especially designated planned actions.
- Integrated SEPA/GMA actions influenced another \$1.756 billion in investment, again with special emphasis on designated planned actions

It is important to recognize that all of the GMA plans increase predictability and spur investment. What is special about designated planned actions is that they eliminate a source of unpredictability, the SEPA appeal process. One example from these case studies highlights this unpredictability. The City of Longview's Mint Farm Industrial Park EIS was intended to be comprehensive in scope and address all major issues related to development of Phase 1 and 2. As a GMA jurisdiction planning for resource lands and critical areas only, Longview cannot use such GMA authorized integration tools as planned actions. The first project application received a declaration of nonsignificance (DNS) without appeals. The second project application for a large-scale power plant facility received a mitigated determination of nonsignificance (MDNS) based on an expanded checklist. Community opposition related to labor issues resulted in a SEPA appeal. The appeal was dropped after the labor issues were settled.

There is no question that many within the development community believe SEPA is used to delay or stop projects that are otherwise allowed under local regulations. And there are certainly examples of opponents using SEPA to exact concessions or money from developers in exchange for dropping appeals. These case studies support the premise that developers view favorably jurisdictions with subarea or other plans that include a limitation on SEPA appeals. This can be done either through the designated planned action process, conducting detailed environmental analysis at the planning stage sufficient to withstand a challenge, or developing sufficient community support to reduce the risk of opposition to a project. All of these were successful tactics in the case studies.

Benefit/Costs – CTED Assumptions

CTED prepared a list of assumptions about the benefits and costs of SEPA/GMA integration methods and included it as an attachment to the Request for Proposals. Those assumptions are listed in italics below and DEA has attempted to address them based on the case studies.

Communities and sites that can demonstrate their capacity to support the needs of specific land uses will be more competitive in attracting those uses.

True. The best example from the case studies in support of this assumption is the Esther Short Redevelopment Project. Vancouver competes directly with its bigger neighbor to the south, Portland, for downtown development projects. Demonstrating adequate capacity through the EIS was one factor in attracting developers to the project.

Uses proposed in communities and on sites that are adequately prepared for them can obtain development permits more quickly and with less cost.

True. This assumption applies to both integrated and traditional SEPA and GMA processes. The distinction is between project level environmental analysis versus detailed plan level environmental analysis. For example, even though Anacortes was unsuccessful in developing a designated planned action for the Fidalgo Bay Subarea Plan, the plan itself provided important guidance to developers and gave them the predictability necessary to proceed with projects. Projects are still required to conduct detailed environmental review, but the design guidelines spell out what is acceptable to Anacortes thereby increasing the predictability of the review process.

Shorter time and lower expenses required for obtaining development permits are important factors in decisions to locate new or expand existing development.

True. As one developer stated, "Time is money." However, it is probably accurate to conclude that time is more important than money. By this we mean that the avoided SEPA costs, while not insignificant, are probably not project busters. More important is getting to "yes" quickly and with certainty. This takes on special importance when developers are considering sites in other states in their site selection decision making.

Time and expense associated with obtaining permits are best reduced by avoiding environmentally sensitive locations and communities lacking the capacity to accommodate water, power, waste, transportation, workforce, housing, or other factors important to the success of the proposed use.

Partially true. The jurisdictions with successful planned actions or other SEPA review streamlining actions avoided environmentally sensitive lands. For example, Tukwila excluded shorelines from the Planned Action Ordinance. Vancouver did not include shorelines in the subarea plan because of the permitting difficulties. Mill Creek excluded

wetlands from its Planned Action Ordinance. The major reason given was the time and expense to analyze the impacts to these natural resources in the planned action EIS was prohibitive. Anacortes' experience was supportive of this conclusion as well. Despite spending significant money on consultants, they were unsuccessful in persuading the resource agencies to approve impacts to eelgrass habitat at a plan level.

As to the second part of the assumption, the data are inconclusive. Most of the communities in the case studies had the infrastructure or were willing to spend public money to upgrade it to accommodate the projects.

Mitigating and remediating impacts to the natural environment, infrastructure, and community facilities and services is more expensive than avoiding impacts, especially if social costs are factored in.

Inconclusive. DEA did not gather data on the question of mitigation versus avoidance. For example, traffic impact fees are a form of mitigation. The case studies did not address whether developers avoided jurisdictions with traffic impact fees over those without.

Quality of life is an important factor in many development location decisions.

Inconclusive. DEA did not interview developers or agency staff on the reasons for locating a development in a particular location.

Quality of life values are maintained or enhanced by avoiding impacts to the natural environment, infrastructure, and community facilities and services.

Inconclusive. DEA did not measure quality of life. There are inherent difficulties with this assumption because of the value judgments people place on quality of life.

Adequately preparing communities and potential development sites begins with planning and environmental review, consisting of a comparison between community and site characteristics and physical, social, and environmental requirements and impacts of particular types of development. Investments in infrastructure and the community may be necessary to fill gaps in the level of preparedness.

True. The redevelopment plans typically had significant public investments in infrastructure and the community. For example, Vancouver committed five publicly owned parcels within the planning area as incentives to attract development. Tacoma invested millions of dollars in the clean up of the Thea Foss Waterway in order to attract development. The City of Shoreline adopted a list of new transportation improvements as part of its North City Planned Action Ordinance.

Prospective planning, environmental review, and investment prior to development proposals is less expensive than reactive environmental review and investment following

a development proposal – especially if the community and site are not immediately capable of accommodating the impact of the proposal.

Partially true. The table on avoided direct SEPA costs supports the assumption that it is less costly to conduct the planning and some environmental review up front. Other types of environmental review may have to await project level analysis because of statutory mandates and the high cost of the analysis. Some natural resource impacts are very difficult to evaluate at a plan level. Plus, some statutes and federal permits require an analysis of avoidance measures before granting approval for projects. For large subareas with lots of natural resources, it may be cost prohibitive to conduct an avoidance analysis for every potential development project within the subarea. Analyzing development impacts in the year 2000 for development projects that may not occur until 2010 may not be a good use of public money nor very efficient. Some of the development impacts may change due to regulations or market conditions. Instead, jurisdictions rely on critical areas regulations and project specific critical areas evaluations that have been reviewed and approved by resource agencies for mitigation of project level impacts.

Economies of scale result from prospective area and systemwide planning, environmental review, and investment because (a) it benefits many sites rather than a single development proposal; (b) area and systemwide impacts are addressed more efficiently than in an incremental project by project approach; and (c) the cost of permit review and administration is reduced when officials know in advance what types of development may be permitted at a specific location.

Inconclusive. Intuitively, this assumption appears true but there are many variables. DEA heard anecdotal evidence from Tukwila that areawide planning in the MIC subarea improved the evaluation and correction of infrastructure deficiencies over the previous disjointed efforts of Seattle and King County. But the case studies did not provide conclusive evidence one way or another. For example, two of the case studies were in effect single development proposals: Southport and MountainStar. And as mentioned above, some types of impacts are difficult to predict far in advance of the actual development proposal. The cumulative contribution of these unpredictable site impacts to area and systemwide impacts will increase the variance around the analysis.

As for the cost of permit review, rural officials reported it went up after implementing GMA required planning. Urban jurisdictions with subarea plans including planned action ordinances felt the costs of project review dropped because of the shortened review periods.

Communities and site specific developers benefit from objective assessments of their strengths and weaknesses in the planning process. Assessments will help them identify what types of development they are most suited for, and/or identify what public and private investments must be made to attract and support other types of development.

Partially true. The case studies provide some support for this assumption. Several of the jurisdictions conducted market feasibility analyses to determine the best type of

development for the subarea under consideration. For example, Shoreline conducted design charrettes with economists and developers participating. They critiqued the public's ideas for feasibility. They then developed regulations to support this type of development. But before any projects were built, market conditions changed. It remains to be seen whether development guidelines adopted during the boom times of the 1990s prove feasible in 2010.

Lessons Learned

DEA has distilled from the case studies some key lessons that may benefit other jurisdictions or entities contemplating integrated SEPA/GMA procedures. These reflect professional judgments and are not hard and fast rules. Their purpose is to provide criteria against which to judge the appropriateness or value of an integrated SEPA/GMA process in a particular situation.

Redevelopment of blighted urban areas is conducive to designated planned actions. The Esther Short Redevelopment project illustrates a successful planned action. The area is blighted, the infrastructure exists but needs additional support, there are no natural resource issues, and impacts to the built environment can be readily predicted and mitigated. The costs of analyzing the impacts to the built environment at the planning stage are reasonable. Other good examples include Tukwila's Manufacturing Industrial Center Subarea Plan, Renton's Southport Redevelopment project, and Shoreline's North City Subarea Plan.

Brownfield development requires huge up-front resources. The Thea Foss Waterway Redevelopment Project predates the Regulatory Reform Act and therefore did not take advantage of the designated Planned Action Ordinance approach. But it has similarities to these types of projects in the front-loaded environmental review, the integration of the subarea plan with the cleanup process, and the reduction of risk stemming from the city's investments. This case study illustrates that the same outcome is possible under the right circumstances as that for a designated planned action. The project represents an extreme example because of the costs associated with the environmental review and permitting of a superfund site. Without the major resources of the federal and state governments, the plan would not have been possible. It is still safe to say that the up-front environmental review probably reduced the cost of project review compared to a site-by-site approach. The main difference is who bears the burden of that cost, the public or the private sector.

Greenfield developments pose challenges because of natural resource issues. Two case studies highlight the challenges and strategies for conducting subarea plans and designated planned actions on undeveloped lands with significant natural resources. The Mill Creek SR 527 Corridor Subarea Plan included significant wetlands. The impacts to these wetlands were not addressed in detail in the EIS because of the high costs to conduct such analyses. The city's strategy is to preserve these wetlands through easements granted by developers and to rely on its critical areas regulations for protection. The resource agencies, specifically the Washington State Department of Ecology (Ecology), agreed with this approach. The second case study is the

MountainStar Master Planned Resort in Kittitas County. Here the developer spent more than \$5 million on the EIS and analyzed impacts to all of the natural resources including wetlands. The county was comfortable adopting this single development planned action because of the level of analysis.

Predicting impacts to the built environment is easier than to the natural environment. The underlying premise to regulatory reform is that the impacts of anticipated projects have been adequately analyzed in a prior plan-level EIS so that projects do not need to repeat it. This works well when the cumulative impacts from individual projects can be accurately modeled at a larger planning scale. The predictive models are most accurate for the built environmental impacts like traffic and public services because the systems are simpler and have fewer variables. The predictive models for natural resources, such as groundwater, fish and wildlife habitat, and wetlands, are less accurate because the natural systems are far more complex, and we have less understanding of the variables that influence them. It takes more information, therefore more time and money, to raise the confidence that impacts to natural resources have been adequately addressed. As investments are made in understanding natural systems through such efforts as watershed planning, limiting factors analyses, and similar studies, predictive models will be improved to the point where the current level of project analysis may not be required.

Political support must be unanimous or close to it. In almost all the case studies, political support was very strong from the beginning. Most of the case studies represent economic development plans with a significant commitment of public investment. Without this investment, the development community is less likely to see a reduction in risk over developing in other jurisdictions.

Building strong community support is important. All of the planning actions had significant public involvement processes that generated strong community support. Some of the innovative techniques included intense design charrettes, televised sessions, and joint jurisdiction over citizen advisory committee.

Stakeholder involvement including developers is critical. The development community was an active and solicited stakeholder in all of the case studies. This reflects the economic development nature of these actions.

Single jurisdiction control reduces the issues and players. In general, the fewer the players the fewer the issues. The most successful planned actions involved a single jurisdiction issuing permits.

Rural jurisdictions may need technical and financial assistance in order to utilize planned actions. Subarea plans with planned actions require public investment up front in order to reap private development later on. Rural jurisdictions may need more assistance than urban jurisdictions for using the designated planned action process because (1) they lack up-front funding to initiate the detailed studies necessary in the EIS,

and (2) the rate of growth may be so slow that the analysis in the EIS goes stale before they can recoup their investment in the form of development.

Creative integration techniques other than planned actions exist. Tacoma's integrated SEPA/GMA Commercial Rezone Amendment illustrates a creative technique that does not use a designated planned action for streamlining the permit process. In effect, Tacoma created an internal list of categorical exemptions. They identified all the criteria that would lead to a DNS in their newly adopted commercial zone, and if the project qualified, they would adopt it under their prior SEPA determination on the zoning amendments. Tacoma completed SEPA requirements for the applicant. The same concept could be applied in a number of zones, especially those that do not contain a significant amount of greenfields, brownfields, shorelines, or wetlands. Tacoma was also able to successfully create a “win-win” outcome for both the community as a whole and its developers through its SEPA review streamlining efforts. It did this by creating support from developers for adding significant new project design and compatibility requirements to its commercial zoning districts in exchange for providing the expedited SEPA review process for most typical types of projects proposed in these zones.

Timing is everything. Many of the case studies were successful in the economic development objectives because they were in the right place at the right time. For example, several of the plans capitalized on the investment boom of the late 1990s and attracted significant developments. When that bubble burst, development interest slowed considerably. Since Shoreline adopted its North City Subarea Plan and Planned Action in July 2001, they have received only one development application despite very strong participation by the North City Business Association. Another example is the Thea Foss Waterway Redevelopment Project. During the 1980s and 90s, federal and state dollars flowed freely for cleaning up superfund sites. Tacoma was also very creative in using a variety of funding sources to advance components of the plan. Those dollars are now fewer and harder to get.

Conclusions

The Regulatory Reform Act of 1995 has spurred creative and innovative solutions to integrating SEPA environmental review and GMA planning. In particular, the planned action process has been used successfully by a number of jurisdictions to stimulate economic development by reducing the costs and risks to development. The reduction in risk is reflected by the increase in predictability of the permitting process. Increasing predictability occurs by defining clearly the acceptable development standards, removing steps in the review process which create uncertainty, and committing public resources in both people and infrastructure. Under planned actions, developers are getting to “yes” sooner and with more certainty.

Other types of integration techniques are being used successfully. These include the pilot SEPA Nonproject Review Form, the Expanded SEPA checklist, and more traditional SEPA procedures (e.g., subarea plans and capital facilities plans) in association with detailed GMA actions (e.g., adoption, incorporation, and addenda). In particular, the

development of an internal checklist for projects that meet all the development regulations and do not create impacts above those analyzed in prior SEPA determinations may be used successfully for most urban settings.

The cost of conducting adequate environmental review at the planning stage is a problem for smaller, less wealthy jurisdictions. Many of these jurisdictions would not have been able to conduct the planning and environmental review without the grant funding provided by the state. Given the significant investment values generated under these plans, these grants appear to have been good investments.

Recommendations for Actions to CTED

CTED has identified its overall objectives as (1) providing guidance to cities, counties, and special districts on successful strategies for integrating SEPA and GMA, and (2) providing cost/benefit information to the Legislature and other parties on the value of early planning. We have provided some recommendations for actions to meet these objectives as a followup to the findings and conclusions in this report.

Providing guidance to cities, counties, and special districts on successful strategies for integrating SEPA and GMA.

- Based on lessons learned, prepare article for publication; in CTED newsletter or American Planning Association Journal.
- Refine lessons learned into a best practices publication; including examples of model planned action ordinances, subarea plans, and integrated EISs. Include examples of other integration methods such as those of Tacoma.
- Prepare and teach a planning short course on strategies for integrating SEPA/GMA.

Providing cost/benefit information to the Legislature and other parties on the value of early planning.

- Interview developers for testimonials on the value of early planning or the integrated process. This could include questions on risk assessment and the value of planned actions versus no planned action.
- Prepare a one-page executive summary on the cost/benefit analysis highlighting both direct costs savings and investment values.
- Research and evaluate how much additional costs are required to adequately evaluate natural resource impacts on a subarea basis.
- Hold discussions with Ecology, the Department of Fish and Wildlife, and the Department of Natural Resources representatives on cost-effective ways to improve their support for planned actions and other SEPA/GMA integration efforts that would reduce the documentation burdens/risks associated with getting their required approvals at the project level.

Cost Benefit Analysis

One of the central questions that is asked in evaluating the use of the integrated SEPA/GMA processes is what are the actual cost savings. Are these alternatives to project-by-project review really worth it? Does the cost of conducting environmental review early in the planning phase generate cost savings at the project phase?

The data collected suggest that jurisdictions track the costs of preparing the integrated environmental documents much better than they track the costs avoided at the project level. In fact, none of the jurisdictions in the survey tracked avoided costs or benefits to the jurisdiction or developers. Some jurisdictions monitored and recorded the reduction in permit processing time by their staff as a consequence of an application qualifying as a planned action. Some jurisdictions tracked the permits that were approved as planned actions. Despite this lack of hard data, most of the jurisdictions believe that there are significant savings from using the integrated processes.

To answer the question of avoided costs, DEA prepared an analysis of typical SEPA costs on a project-by-project basis. DEA made assumptions concerning the agency staff costs, the interest costs of borrowed money, the staff time necessary to process SEPA, and the developer costs for environmental documents. DEA assumptions are based on professional experience and judgment. DEA used the South Everett/Paine Field Planned Action as an example. Everett SEPA staff has reviewed our assumptions and has confirmed their general accuracy.

Assumptions:

- Interest costs – The developer has to pay interest on the development loan and DEA has assumed these costs are 8 percent per year. DEA has assumed that the average project needs at least \$1 million in start up costs associated with holding the land, preparing preliminary engineering and studies, and applying for permits.
- Staff costs – The jurisdiction has staff costs associated with reviewing the applications. DEA has assumed the average salary with benefits for a mid-level planner at \$75,000 per year.
- Developer staff costs – In most cases, DEA has assumed that the developer has similar staff costs to the city staff.
- Consultant costs – These are usually a lump sum and are based on an average project. The term "average" is meant to include a typical project without unique or special circumstances like hazardous waste, but with traffic and critical areas issues.
- We have calculated costs for the three types of SEPA processes: DNS, MDNS, and EIS.
- The time avoided in SEPA processes are as follows: DNS = five weeks, MDNS = three months, and EIS = nine months.

The following table summarizes the costs avoided for each SEPA process.

Cost Factors	DNS	MDNS	EIS
Process Time	5 weeks	3 months	9 months
Interest Costs	\$15,000	\$20,000	\$60,000
Consultant Costs	\$0 ¹	\$15,000	\$200,000
Jurisdiction Staff Costs	\$1,550 ²	\$3,500 ³	\$14,000 ⁴
Developer Staff Costs	\$1,550	\$3,500	\$14,000
Total Costs	\$18,100	\$42,000	\$288,000

Footnotes:

- 1 - Assumes that the consultant costs are the same for integrated and regular SEPA process because both require the preparation of a SEPA checklist.
- 2 - Assumes 1/10 FTE for five weeks (planner has 10 other DNS/MDNS projects).
- 3 - Assumes 1/10 FTE for three months.
- 4 - Assumes 1/4 FTE for nine months.

These costs are conservative for an urban jurisdiction and represent the low end of the spectrum. Depending on the number of environmental issues, the review time and staff costs for an MDNS could be significantly higher. Also, the jurisdiction staff costs do not include support staff for noticing the project. These costs are the approximately the same for all three processes so they were not included.

Some of the jurisdictions studied had processed permits under their planned action ordinances. These include Everett, Vancouver, Tukwila, Mill Creek, Redmond, Renton, and Tacoma. Of these, the most extensive and best documented projects were from Everett. DEA has reviewed the list of 27 projects and has identified probable SEPA determinations. The table below compares the costs avoided with the costs to prepare the integrated documents for Everett.

DNS (6 projects)	MDNS (20 Projects)	EIS (1 project)	Total Project by Project Cost	Total Integrated SEPA/GMA Cost	Cost Avoided
\$108,600	\$840,000	\$288,000	\$1,236,600	\$530,000	\$706,000

In addition to the hard costs avoided, there are intangible benefits from the integrated process that are difficult to capture. All of these projects represent substantial investment value in the community. One question is how many of these projects, if any, would not have been pursued but for the integrated process. It seems unlikely that any of the projects would have been so discouraged by the additional SEPA processing so as to have been abandoned. However, it is likely that some of the projects would have been delayed significantly by the combination of additional SEPA process and market forces. What loss of benefits to the community is caused by this delay in investment? The answer to this question is beyond the scope of this project, but does represent a benefit related to the use of the integrated processes.